

MINNESOTA ALTERNATIVE FUEL VEHICLE INCENTIVES AND LAWS

Overview

Other than incentives for the production of ethanol, the State of Minnesota does not offer incentives for alternative fuel vehicles (AFVs). Several Minnesota natural gas utilities offer incentives for purchases or conversions of natural gas vehicles (NGVs) including a \$250 - \$1,000 rebate from Minnegasco, Northern States Power, and other natural gas utilities in the state.

Highlights

\$ \$250 to \$1,000 rebate from Minnegasco, Northern States Power, and other natural gas utilities in the state for conversions and purchases of NGVs. Larger projects have custom rebates based on fuel use.

State Incentives

Other than incentives for the production of ethanol, Minnesota does not offer any incentives for AFVs. For additional information, contact Jan Reak at (612) 297-5648 or Mike Roelofs at (612) 297-2545, at the Minnesota Department of Public Service.

Utility/Private Incentives

\$ **Minnegasco** provides conversion and original equipment manufacturer (OEM) rebates of \$250 to \$1,000 per NGV, depending on the vehicle weight, for the first 10 vehicles. Larger projects have custom rebates based on fuel use. Minnegasco offers station construction assistance and technical training. For more information, contact Tom Minerick at (612) 321-4360.

\$ **Northern States Power** provides conversion and OEM rebates of \$250 to \$1,000 per NGV, depending on the vehicle weight, up to \$5,000. Larger projects have custom rebates based on fuel use. For more information, contact NGV information at (612) 229-2500, or Northern States Power's main number at (800) 626-7978.

The National Ethanol Vehicle Coalition (NEVC) is an ad hoc group created by the National Corn Growers Association (NCGA) and the Governors' Ethanol Coalition (GEC) to establish a national program to promote the use of 85% ethanol fuel (E85) as an alternative fuel, enhance agricultural profitability, advance environmental stewardship, and further national energy independence. Through a cooperative effort with the NCGA and its state affiliates, the GEC, state energy offices, and the U.S. Department of Energy, NEVC provides forgivable loans for the installation of public E85 fueling facilities. For more information, contact Phil Lampert at (573) 635-8445 or Sandy Hentges at (573) 636-8590.

Laws & Regulations

In 1995, legislation was passed that created BTU-equalized motor fuel tax rates.

AFV acquisition mandates for Minnesota public fleets are the same as those required under the Energy Policy Act of 1992 (EPACT).

Chapter 587 Minnesota Laws 1994 requires annual permits for AFVs and excludes the sale of compressed natural gas or propane from the motor fuels tax.

Public utilities can submit plans to invest in AFVs and the supporting infrastructure. The cost recovery portions of the plan must be approved by regulatory agencies.

In 1989, the state deregulated the use of natural gas as a motor vehicle fuel.

After October 1, 1995, gasoline sold in carbon monoxide control areas must contain at least 2.7% oxygen by weight. After October 1, 1997, all gasoline sold in Minnesota must contain at least 2.7% oxygen by weight.

MINNESOTA ALTERNATIVE FUEL VEHICLE INCENTIVES AND LAWS

Laws & Regulations (cont.)

Minnesota State Policy: It is in the long-term interest of the State of Minnesota to promote the development and market penetration of alternative fuels, and to develop additional markets for indigenous crop-based fuels.

The state currently provides a 25¢/gallon incentive for producers of fuel ethanol in the state, not to exceed \$3.75 million per year per producer. The incentive program will expire June 30, 2010.

The state offers a 1¢/gallon excise tax exemption for E10 sold in the state. The excise tax exemption will decrease to 0.5¢/gallon on October 1, 1996, and will be eliminated completely on October 1, 1997.

Points of Contact

Future Clean City

Clean Fuels Minnesota (Clean State Program)

Mike Roelofs (612) 297-5648

Minnesota State Energy Office

Minnesota Department of Public Service

Jan Reak (612) 297-5648

Mike Roelofs (612) 297-2545

Minnegasco

Tom Minerick (612) 321-4360

Northern States Power

NGV Information (800) 626-7978

(612) 229-2500

National Ethanol Vehicle Coalition

Phil Lampert (573) 635-8445

Sandy Hentges (573) 636-8590

Metropolitan Planning Organizations

Metropolitan Council Twin Cities

Kevin Roggenbuck (612) 229-2728

Arrowhead Regional Development

Commission

Len Simich (218) 722-5545

Minnesota State Transportation Contact

Department of Transportation

John Howard (612) 725-2354

Rod Pletan (612) 995-3590

U.S. Department of Energy

Regional Support Office

Chicago Regional Support Office

Melinda Latimer (312) 886-8582

U.S. Department of Transportation Contacts

Federal Highway Administration

Region 5

Sam Herrera-Diaz (708) 283-3536

Federal Transit Administration

Region 5

Doug Gerleman (312) 353-2789

General Services Administration

Regional Fleet Manager

Region 5

Grant Jahr (312) 353-5379

U.S. Environmental Protection Agency

Regional Pollution Prevention Coordinator

Region 5

Phil Kaplan (312) 353-4669